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Message Text

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51
ACTION EA-14

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-02 PA-03 PRS-01 USIA-12 AGR-20 RSR-01 /165 W
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R 151102 Z JUN 73
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 4615

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E. O. 11652: N/ A
TAGS: EGEN, ETRD, JA
SUBJECT: JAPANESE REACTION TO PRESIDENT' S JUNE 13
ANNOUNCEMENT OF ECONOMIC CONTROLS

REF.: TOKYO 7445

SUMMARY. OVERALL RESPONSE TO PRESIDENT' S
ANNOUNCED NEW MEASURE POSITIVE. POSSIBLE CONTROLS ON
AGRICULTURAL EXPORTS CAUSING CONCERN. GOJ HAS TAKEN
STEPS REASSURE JAPANESE PEOPLE THAT ADEQUATE FOODSTUFFS
CONTRACTED THROUGH OCTOBER- DECEMBER PERIOD AND THAT U. S.
DOES NOT INTEND CAUSE DIFFICULTIES FOR JAPAN AS RESULT
NEW ECONOMIC MEASURES. END SUMMARY.

1. IN OVERALL TERMS JAPANESE GOVERNMENT AND BUSINESS
LEADERS AND PRESS RECEIVED PRESIDENT' S ANNOUNCEMENT IN
POSITIVE MANNER. LETTER FROM MINFIN AICHI TO SECRETARY
SHULTZ WELCOMING US ACTION REPORTED REF A. MOF ADVISOR
HOSOMI TOLD ECON/ MIN EVENING JUNE 14 THAT MOF VIEWED MEASURE
AS POSITIVE ACTION AND FORESAW NO GREAT DIFFICULTIES FOR
JAPAN. JAPANESE PRESS, WHILE SHOWING SOME SURPRISE
OVER SEVERETY OF MEASURES, HAS PLAYED ANNOUNCEMENT IN
STRAIGHTFORWARD MANNER, GIVING HIGHLIGHTS OF MEASURES
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AND REPORTING OPINIONS OF CONGRESSIONAL LEADERS, BOTH FAVORABLE AND UNFAVORABLE.

2. BUSINESS CIRCLES IN JAPAN ARE REPORTEDLY GENERALLY IN FAVOR OF U. S. MOVES AND ARE SUGGESTING THAT JAPAN TAKE SIMILAR STEPS. THESE CIRCLES HAVE NOTED IN PARTICULAR THAT U. S. PLLICY AIMED AT HOLDING DOWN FOOD PRICES AND HAVE POINTED TO NEED FOR SIMILAR ACTION IN JAPAN, WHERE FOOD COSTS INCREASING AT RAPID RATE..

3. PORTION OF PROGRAM THAT RELATEST TO CONTRLOL OF EXPORT OF U. S. AGRICULTURAL PROUCTS IS CAUSING CONCERN. PRICES ON THE TOKYO AND OSAKA GTAIN EXCHANGES OF SOYBEANS, KIDNEY BEANS, AND RED BEANS ROSE TOMAXIMUM ALLOWABLE LIMIT, AND GRAIN PRICES CLIMBED SHARPLY JUNE 14 IN WAKE OF PRESIDENT' S ANNOUNCEMENT. GOJ HAS MOVED PROMPTLY TO CALM FEARS BY NOTING JAPAN HAS ALREADY CONTRACTED FOR SUFFICIENT FOODSTUFFS TO MEET DEMAND THROUGH OCTOBER-DECEMBER PERIOD AND BY ASSURING PUBLIC THAT U. S. INTENDS HONOR CONTRACTS ALREADY CONCLUDED AND DOES NOT INTEND CAUSE DIFFICULTIES FOR JAPAN. MAJOR NEWSPAPERS AND TV STATIONS HAVE CARRIED THESE GOJ ASURANCES.

4. PRESIDENT' S ANNOUNCEMENT HAS FOCUSED ATTENTION OF JAPANESE PEOPLE ON DEGREE OF JAPAN' S DEPENDENCE ON U. S FOR ESSENTIAL AGRICULTURAL COMMODITIES. NEWS MEDIA, AND REPORTEDLY SOME GOVERNMENT LEADER, ARE CALLING FOR A RECONSIDERATION OF JAPAN' S IMPORT PATTERN AND ACCELERATION OF JAPAN' S EFFORTS TO DIVERSIFY SOURCES OF SUPPLY. COMMENT HAS ALSO BEEN DEVOTED TO JAPAN' S CURRENT LACK OF STORAGE CAPACITY AND NEED TO EXPAND STORAGE FACILITIES RAPIDLY IN NEAR FUTURE.

5. ON JUNE 15 MITI VICE MINISTER MOROZUMI QUOTED BY PRESS AS SAYING THAT GOJ WILL MAKE EVERY EFFORT TO SECURE A STABLE FOOD SUPPLY FROM U. S. HE NOTED THAT U. S. EARLIER HAD URGED JAPAN TO BUY U. S. FARM PRODUCTS WHEN PRICE WAS RIGHT, BUT EXPRESSED CONCERN THAT U. S. WOULD EVENTUALLY MOVE TO LIMIT AGRICULTURAL EXPORTS. HE SAID THAT MITI WOULD ENDEAVOR TO OBTAIN AN ADEUATE SUPPLY OF FARM PRODUCTS FROM U. S. AT A STABILIZED PRICE. MINISTRY OF UNCLASSIFIED

AGRICULTURE AND FORESTRY SOURCES ARE REPORTED TO HAVE STATED THAT THEY EXPECT TO SEND A LARGE FOOD SUPPLY SURVEY MISSION TO U. S. TO STUDY THIS NEW PROBLEM. THEY ALSO REPORTEDLY PLAN TAKE MEASURES TO INCREASE DOMESTIC PRODUCTION AND STORAGE CAPACITY.

6. AGATT HAS ALREADY REPORTED TO USDA BY TOFAS

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